

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Cannon
Kent County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2006

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Cannon
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of the Township of Cannon, Michigan's operations over the fiscal year and its financial condition on March 31, 2006. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$109,672 (1 percent) as a result of this year's operations.
- Of the \$7,871,632 total net assets reported, \$1,654,848 (21 percent) is available to be used to meet future operating and capital improvement needs.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$899,212, which represents 57 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

This discussion and analysis introduces the Township's basic financial statements that follow this section. These financial statements are presented to comply with Governmental Accounting Standards Board Statement 34 (GASB 34). The Township's basic financial statements are comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - The governmental fund statements tell how general governmental services like public works and public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the Township operates like a business. The Township's proprietary fund accounts for its water and wastewater systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2006 and 2005 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and the Statement of Activities includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements of the Township are divided into two categories:

- *Governmental activities* - These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services. The Township's water and wastewater system operations are reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by grant agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like cemetery operations) or to show that it is properly using certain taxes and other revenues (like the fire millage).

The Township has three kinds of funds:

- *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship between them.

Township of Cannon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Township's fiduciary balances are reported in separate Statement of Fiduciary Net Assets - Fiduciary Funds. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$7,871,632, an increase of 1% from the prior year. However, \$4,317,588 of this total is invested in capital assets and \$1,899,196 is restricted for various purposes. Consequently, unrestricted net assets were \$1,654,848, 21% of the total.

Condensed financial information
Net assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Current and other assets	\$ 3,323,408	\$ 3,069,004	\$ 381,712	\$ 901,751	\$ 3,705,120	\$ 3,970,755
Capital assets	<u>2,406,935</u>	<u>2,132,720</u>	<u>3,704,861</u>	<u>3,576,096</u>	<u>6,111,796</u>	<u>5,708,816</u>
Total assets	<u>5,730,343</u>	<u>5,201,724</u>	<u>4,086,573</u>	<u>4,477,847</u>	<u>9,816,916</u>	<u>9,679,571</u>
Long-term debt outstanding	-	-	1,794,208	1,745,787	1,794,208	1,745,787
Other liabilities	<u>54,884</u>	<u>61,865</u>	<u>96,192</u>	<u>109,959</u>	<u>151,076</u>	<u>171,824</u>
Total liabilities	<u>54,884</u>	<u>61,865</u>	<u>1,890,400</u>	<u>1,855,746</u>	<u>1,945,284</u>	<u>1,917,611</u>
Net assets:						
Invested in capital assets, net of related debt	2,406,935	2,132,720	1,910,653	1,830,309	4,317,588	3,963,029
Restricted	1,899,196	1,628,270	-	-	1,899,196	1,628,270
Unrestricted	<u>1,369,328</u>	<u>1,378,869</u>	<u>285,520</u>	<u>791,792</u>	<u>1,654,848</u>	<u>2,170,661</u>
Total net assets	<u>\$ 5,675,459</u>	<u>\$ 5,139,859</u>	<u>\$ 2,196,173</u>	<u>\$ 2,622,101</u>	<u>\$ 7,871,632</u>	<u>\$ 7,761,960</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net assets. The Township's total revenues in 2006 are \$2,813,533. Approximately 39% of the Township's revenues come from property taxes while state shared revenue accounts for 29% of the total revenues. About 28% of total revenues come from charges for services.

Condensed financial information
Changes in net assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Program revenues:						
Charges for services	\$ 307,244	\$ 243,058	\$ 475,879	\$ 411,988	\$ 783,123	\$ 655,046
Operating grants	11,604	-	-	-	11,604	-
Capital grants	-	52,000	-	-	-	52,000
General revenues:						
Property taxes	1,084,163	1,081,273	-	-	1,084,163	1,081,273
State shared revenue	825,224	831,222	-	-	825,224	831,222
Interest income	92,777	48,257	15,552	15,517	108,329	63,774
Other	1,090	75,006	-	-	1,090	75,006
Total revenues	<u>2,322,102</u>	<u>2,330,816</u>	<u>491,431</u>	<u>427,505</u>	<u>2,813,533</u>	<u>2,758,321</u>
Expenses:						
Legislative	18,508	19,675	-	-	18,508	19,675
General government	791,877	829,471	-	-	791,877	829,471
Public safety	783,235	773,721	-	-	783,235	773,721
Public works	78,768	271,493	-	-	78,768	271,493
Community and economic development	85,944	126,415	-	-	85,944	126,415
Culture and recreation	28,170	58,298	-	-	28,170	58,298
Public utilities	-	-	917,359	707,819	917,359	707,819
Total expenses	<u>1,786,502</u>	<u>2,079,073</u>	<u>917,359</u>	<u>707,819</u>	<u>2,703,861</u>	<u>2,786,892</u>
Increase (decrease) in net assets	<u>\$ 535,600</u>	<u>\$ 251,743</u>	<u>\$ (425,928)</u>	<u>\$ (280,314)</u>	<u>\$ 109,672</u>	<u>\$ (28,571)</u>

Governmental activities

Governmental activities increased the Township's net assets by \$535,600 in 2006 compared with a \$251,743 increase in 2005. Revenues decreased \$8,714 while expenses decreased \$292,571. A decrease in public works, community and economic development, and cultural and recreation expenses have led to this increase. Money normally spent on road construction in the past has finally ended and the roads targeted for paving have been completed. The downturn in the housing market has resulted in less activity in our building department, which has decreased the Township's expenses in this department as well as the planning/zoning departments.

Governmental activities (Continued)

The cost of all governmental activities this year was \$1,786,502 compared to \$2,079,073 in 2005. After subtracting the direct charges to those who directly benefited from the programs (\$307,244), and other operating and capital grants (\$11,604), the "public benefit" portion covered by property taxes, state shared revenue and other general revenues was \$1,467,654 in 2006 compared to \$1,784,015 in 2005.

Business-type activities

The business-type activities decreased the Township's net assets by \$425,928 in 2006 compared to a \$280,314 decrease in 2005. Revenues increased by \$63,926 while expenses increased by \$209,540. The key factors which led to this condition include the following:

- Charges for services increased \$63,891 due to the increase in sewer rates.
- Expense increases resulted from the cost of repair of the Township's sewer infrastructure.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. At March 31, 2006, the Township's governmental funds reported a combined fund balance of \$3,268,524, an increase of \$283,974 compared to the prior year.

General Fund expenditures in 2006 exceeded revenues by \$12,934, compared to a \$53,364 deficiency of revenues over expenditures in 2005. This change was primarily due to cautious reductions in spending.

The fund balance of the Fire Fund increased this year by \$82,379 due to the thrifty conscientiousness of our Fire Department and the need to save for upcoming expenses.

The fund balance of the Recreation Fund increased this year by \$180,071 due to the fact the Township was waiting for matching grant funds before the start of construction on our non-motorized trail.

The fund balances of the nonmajor governmental funds increased \$8,590 during the year.

Proprietary fund. The Sewer Fund, the Township's sole proprietary fund, experienced a decrease in net assets of \$425,928 for reasons explained above.

General Fund budgetary highlights

The Township amended the General Fund budgeted expenditures during the year to reflect decreased costs experienced during the year. Total budgeted expenditures were decreased by \$5,000 which represented a reduction in administrative support costs.

Revenues were \$62,920 greater than budgeted amounts. General Fund expenditures were \$385,728 less than the amounts appropriated, which resulted in a \$448,648 positive budget variance, and a \$12,934 increase in fund balance compared to a budgeted \$435,714 decrease. There were no negative variances in any of the General Fund functional expenditure classifications.

Township of Cannon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets and debt administration

Capital assets

At March 31, 2006, the Township had invested \$6,111,796 (net of accumulated depreciation) in various capital assets, including its land, buildings, equipment, vehicles, and utilities systems. This amount represents a net increase of \$402,980, comprised of \$630,172 in net additions and \$227,192 in provisions for depreciation.

This year's major capital asset additions included:

- \$247,127 in road improvements, an intangible asset
- \$58,576 for a new vehicle and related equipment
- \$220,762 net addition to the sewer system

Capital assets of the Sewer Fund, in the amount of \$497,144, were disposed through a decrease in contracts payable.

More detailed information about the Township's capital assets is presented in Note 5 of the basic financial statements.

Debt administration

At the end of the fiscal year, the Township had debt outstanding in the amount of \$1,794,208, which represents a net increase of \$48,421 or 3 percent. All debt is backed by the full faith and credit of the Township.

The Township issued additional debt during the current year in the form of a contract payable to the North Kent Sewer Authority. The North Kent Sewer Authority issued bonds to finance the design of the new wastewater treatment plant and the Township's share of those bonds amounted to \$592,800.

The Township's debt was reduced during the current year by \$497,144 through a reduction of its Sewer Fund contracts payable. In January, 2006, the North Kent Sewer Authority reallocated the balances of the amounts owed by its participating municipalities. Each of the Township's three contracts payable were reduced because the Township's share of the debt was reduced.

All required principal payments, in the amount of \$47,235, were paid in a timely manner.

More detailed information about the Township's noncurrent liabilities is presented in Note 6 of the basic financial statements.

Economic condition and outlook

Cannon Township has saved over the last five years for our non-motorized trail construction. The trail is budgeted to cost \$1.2 million dollars with matching funds from a grant of \$500,000. Cannon Township plans on completing the construction of this Township asset in the next fiscal year. This will be a large capital expenditure for the next year, but will be a much needed recreational advantage to our Township and its citizens.

The Township also intends to participate in the construction of a new wastewater treatment facility, through the North Kent Sewer Authority, and our board has increased sewer rates appropriately. The rates will be carefully monitored throughout the year.

We have continued to be fiscal stewards by tightening our expenditures and proactively saving and earmarking funds for our recreation projects and critical infrastructure projects. Currently, our fund balance is reasonably healthy for day to day operations. Our board continues to manage and reduce costs within the Township, while continuing to maintain a high quality taxpayer service. Cannon Township's economic condition and community outlook remain excellent.

Contacting the Township's financial management

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors, and to demonstrate the Township's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to:

Peter MacGregor, Supervisor
Township of Cannon
6878 Belding Rd NE
Rockford, MI 49341

Phone: (616) 874-6966

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Cannon, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Cannon, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township of Cannon, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Cannon, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Cannon, Michigan, as of March 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 20 - 23, as listed in the contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees
Township of Cannon, Michigan
Page 2**

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township of Cannon, Michigan's basic financial statements. The combining fund financial statements, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township of Cannon, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

July 27, 2006

BASIC FINANCIAL STATEMENTS

Township of Cannon
STATEMENT OF NET ASSETS
March 31, 2006

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,444,590	\$ 77,040	\$ 1,521,630
Investments	1,607,213	274,873	1,882,086
Receivables, net	<u>271,605</u>	<u>29,799</u>	<u>301,404</u>
Total current assets	3,323,408	381,712	3,705,120
Noncurrent assets - capital assets, net	<u>2,406,935</u>	<u>3,704,861</u>	<u>6,111,796</u>
Total assets	<u>5,730,343</u>	<u>4,086,573</u>	<u>9,816,916</u>
LIABILITIES			
Current liabilities:			
Payables	54,884	96,192	151,076
Contracts payable	<u>-</u>	<u>35,074</u>	<u>35,074</u>
Total current liabilities	54,884	131,266	186,150
Noncurrent liabilities - contracts payable	<u>-</u>	<u>1,759,134</u>	<u>1,759,134</u>
Total liabilities	<u>54,884</u>	<u>1,890,400</u>	<u>1,945,284</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,406,935	1,910,653	4,317,588
Restricted for:			
Public safety	1,285,613	-	1,285,613
Public works	41,829	-	41,829
Culture and recreation	571,754	-	571,754
Unrestricted	<u>1,369,328</u>	<u>285,520</u>	<u>1,654,848</u>
Total net assets	<u>\$ 5,675,459</u>	<u>\$ 2,196,173</u>	<u>\$ 7,871,632</u>

See notes to financial statements

Township of Cannon
STATEMENT OF ACTIVITIES
Year ended March 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>
Governmental activities:			
Legislative	\$ 18,508	\$ -	\$ -
General government	791,877	109,949	-
Public safety	783,235	136,573	-
Public works	78,768	55,165	11,604
Community and economic development	85,944	5,557	-
Culture and recreation	28,170	-	-
Total governmental activities	1,786,502	307,244	11,604
Business-type activity - sewer	917,359	475,879	-
Totals	<u>\$ 2,703,861</u>	<u>\$ 783,123</u>	<u>\$ 11,604</u>

General revenues:

Property taxes
State shared revenue
Interest income
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (expenses) revenues and changes in net assets

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
\$ (18,508)		\$ (18,508)
(681,928)		(681,928)
(646,662)		(646,662)
(11,999)		(11,999)
(80,387)		(80,387)
<u>(28,170)</u>		<u>(28,170)</u>
(1,467,654)		(1,467,654)
<u>-</u>	\$ <u>(441,480)</u>	<u>(441,480)</u>
<u>(1,467,654)</u>	<u>(441,480)</u>	<u>(1,909,134)</u>
1,084,163	-	1,084,163
825,224	-	825,224
92,777	15,552	108,329
<u>1,090</u>	<u>-</u>	<u>1,090</u>
<u>2,003,254</u>	<u>15,552</u>	<u>2,018,806</u>
535,600	(425,928)	109,672
<u>5,139,859</u>	<u>2,622,101</u>	<u>7,761,960</u>
<u>\$ 5,675,459</u>	<u>\$ 2,196,173</u>	<u>\$ 7,871,632</u>

See notes to the financial statements

Township of Cannon
BALANCE SHEET - governmental funds
 March 31, 2006

	<u>Major funds</u>			<u>Nonmajor funds</u>	<u>Total governmental funds</u>
	<u>General</u>	<u>Fire</u>	<u>Recreation</u>		
ASSETS					
Cash	\$ 632,617	\$ 500,100	\$ 307,803	\$ 4,070	\$ 1,444,590
Investments	550,497	755,335	258,978	42,403	1,607,213
Receivables	230,202	33,260	6,175	1,968	271,605
Total assets	<u>\$1,413,316</u>	<u>\$1,288,695</u>	<u>\$ 572,956</u>	<u>\$ 48,441</u>	<u>\$ 3,323,408</u>
LIABILITIES AND FUND BALANCES					
Liabilities - payables	\$ 48,058	\$ 3,082	\$ 1,202	\$ 2,542	\$ 54,884
Fund balances - unreserved:					
Designated	466,046	376,909	-	-	842,955
Undesignated	899,212	908,704	571,754	45,899	2,425,569
Total fund balances	<u>1,365,258</u>	<u>1,285,613</u>	<u>571,754</u>	<u>45,899</u>	<u>3,268,524</u>
Total liabilities and fund balances	<u>\$1,413,316</u>	<u>\$1,288,695</u>	<u>\$ 572,956</u>	<u>\$ 48,441</u>	<u>\$ 3,323,408</u>
Total fund balances - all governmental funds					\$ 3,268,524
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:					
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.					
					<u>2,406,935</u>
Net assets of <i>governmental activities</i> (page 5)					<u>\$ 5,675,459</u>

See notes to financial statements

Township of Cannon

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2006

	Major funds			Nonmajor funds	Total governmental funds
	General	Fire	Recreation		
REVENUES					
Property taxes	\$ 519,616	\$ 458,267	\$ 185,454	\$ -	\$ 1,163,337
Licenses and permits	145,095	-	-	-	145,095
State grants	836,828	-	-	-	836,828
Charges for services	41,246	-	-	-	41,246
Interest and rentals	40,277	39,635	12,054	811	92,777
Other	9,494	3	-	47,765	57,262
Total revenues	<u>1,592,556</u>	<u>497,905</u>	<u>197,508</u>	<u>48,576</u>	<u>2,336,545</u>
EXPENDITURES					
Legislative	18,508	-	-	-	18,508
General government	724,345	-	-	-	724,345
Public safety	372,787	327,651	-	-	700,438
Public works	277,410	-	-	39,986	317,396
Community and economic development	85,944	-	-	-	85,944
Culture and recreation	7,754	-	17,437	-	25,191
Capital outlay	92,874	87,875	-	-	180,749
Total expenditures	<u>1,579,622</u>	<u>415,526</u>	<u>17,437</u>	<u>39,986</u>	<u>2,052,571</u>
NET CHANGES IN FUND BALANCES	12,934	82,379	180,071	8,590	283,974
FUND BALANCES - BEGINNING	<u>1,352,324</u>	<u>1,203,234</u>	<u>391,683</u>	<u>37,309</u>	<u>2,984,550</u>
FUND BALANCES - ENDING	<u>\$1,365,258</u>	<u>\$1,285,613</u>	<u>\$ 571,754</u>	<u>\$ 45,899</u>	<u>\$ 3,268,524</u>

Net change in fund balances - total governmental funds \$ 283,974

Amounts reported for *governmental activities* in the statement of activities are different because:

Capital assets:	
Assets acquired	409,410
Provision for depreciation	(135,195)
Change in prepaid expenses	(13,039)
Change in deferred revenue	(9,550)
Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 535,600</u>

See notes to financial statements

Township of Cannon
STATEMENT OF NET ASSETS - proprietary fund
 March 31, 2006

	<u>Sewer</u>
ASSETS	
Current assets:	
Cash	\$ 77,040
Investments	274,873
Receivables	<u>29,799</u>
Total current assets	381,712
Noncurrent assets - capital assets, net of accumulated depreciation	<u>3,704,861</u>
Total assets	<u>4,086,573</u>
LIABILITIES	
Current liabilities:	
Payables	96,192
Contracts payable	<u>35,074</u>
Total current liabilities	131,266
Noncurrent liabilities - contracts payable	<u>1,759,134</u>
Total liabilities	<u>1,890,400</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,910,653
Unrestricted	<u>285,520</u>
Total net assets	<u>\$ 2,196,173</u>

See notes to financial statements

Township of Cannon

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - *proprietary fund***

Year ended March 31, 2006

	<u>Sewer</u>
OPERATING REVENUES	
Charges for services	<u>\$ 475,879</u>
OPERATING EXPENSES	
Operation and maintenance	741,522
Depreciation	<u>91,997</u>
Total operating expenses	<u>833,519</u>
OPERATING LOSS	<u>(357,640)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	15,552
Interest expense	<u>(83,840)</u>
Total nonoperating expense	<u>(68,288)</u>
CHANGES IN NET ASSETS	(425,928)
NET ASSETS - BEGINNING	<u>2,622,101</u>
NET ASSETS - ENDING	<u><u>\$ 2,196,173</u></u>

See notes to financial statements

Township of Cannon

STATEMENT OF CASH FLOWS - proprietary fund

Year ended March 31, 2006

	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 467,016
Payments to suppliers	(746,217)
Payments to employees	<u>(7,362)</u>
Net cash used in operating activities	<u>(286,563)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(125,106)
Principal payments on capital debt	(47,235)
Interest payments on capital debt	<u>(85,550)</u>
Net cash used in capital and related financing activities	<u>(257,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in investments	425,558
Interest received	<u>15,552</u>
Net cash provided by investing activities	<u>441,110</u>
NET DECREASE IN CASH	(103,344)
CASH - BEGINNING	<u>180,384</u>
CASH - ENDING	<u>\$ 77,040</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (357,640)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	91,997
Change in assets and liabilities:	
Receivables	(8,863)
Payables	<u>(12,057)</u>
Net cash used in operating activities	<u>\$ (286,563)</u>

Noncash capital and related financing activities:

Capital assets, in the amount of \$497,144, were disposed through a decrease in contracts payable.

See notes to financial statements

Township of Cannon

STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund*

March 31, 2006

ASSETS

Cash	\$ <u>32,273</u>
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LIABILITIES

Payables	\$ <u>32,273</u>
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See notes to the financial statements

Township of Cannon
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Cannon, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the use of property tax revenues that are restricted for the financing of the costs of fire protection within the Township.

The Recreation Fund accounts for the use of property tax revenues that are restricted for the financing of recreation costs within the Township.

The Township reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports a fiduciary fund, its Escrow Fund, which account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer systems, roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets other than infrastructure are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Infrastructure	15 years

iv) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

v) *Property tax revenue recognition* - Property taxes are levied as of March 1 on property values assessed as of March 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the functional level. All annual appropriations lapse at the end of the fiscal year. The Township experienced no significant budget variances during the fiscal year.

NOTE 3 - CASH AND INVESTMENTS:

Cash, as presented in the accompanying financial statements, consists of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary</u>	<u>Total</u>
Deposits	\$ 1,444,390	\$ 77,040	\$ 32,273	\$ 1,553,703
Investments	1,607,213	274,873	-	1,882,086
Cash on hand	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Totals	<u>\$ 3,051,803</u>	<u>\$ 351,913</u>	<u>\$ 32,273</u>	<u>\$ 3,435,989</u>

Deposits:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. At March 31, 2006, \$1,251,206 of the Township's bank balances of \$1,551,206 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Investments:

State statutes authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds; and f) investment pools organized under the local government investment pool act. Not more than 50% of any mutual fund may be invested in commercial paper. The Township's investments consist of holdings in the Kent County Investment Pool, which are nonrisk-categorized qualifying investments, and are carried at cost, which approximates fair market value.

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

At March 31, 2006, the Township's receivables were as follows:

	<i>Property taxes</i>	<i>Accounts</i>	<i>Inter- governmental</i>	<i>Special assessments</i>	<i>Totals</i>
Governmental activities:					
General Fund	\$ 15,804	\$ 77,086	\$ 137,312	\$ -	\$ 230,202
Fire Fund	15,260	18,000	-	-	33,260
Recreation Fund	6,175	-	-	-	6,175
Nonmajor funds	-	-	-	1,968	1,968
	<u>\$ 37,239</u>	<u>\$ 95,086</u>	<u>\$ 137,312</u>	<u>\$ 1,968</u>	<u>\$ 271,605</u>
Business-type activities -					
Sewer Fund	<u>\$ -</u>	<u>\$ 29,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,799</u>

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ -</u>	<u>\$ 55,583</u>	<u>\$ -</u>	<u>\$ 55,583</u>
Capital assets being depreciated:				
Buildings	\$ 1,745,827	\$ 2,210	\$ -	\$ 1,748,037
Equipment	526,449	45,914	-	572,363
Shared road costs	-	247,127	-	247,127
Vehicles	<u>1,141,332</u>	<u>58,576</u>	<u>-</u>	<u>1,199,908</u>
Subtotal	<u>3,413,608</u>	<u>353,827</u>	<u>-</u>	<u>3,767,435</u>
Less accumulated depreciation for:				
Buildings	414,348	36,727	-	451,075
Equipment	202,998	39,237	-	242,235
Shared road costs	-	8,499	-	8,499
Vehicles	<u>663,542</u>	<u>50,732</u>	<u>-</u>	<u>714,274</u>
Subtotal	<u>1,280,888</u>	<u>135,195</u>	<u>-</u>	<u>1,416,083</u>
Total capital assets being depreciated, net	<u>2,132,720</u>	<u>218,632</u>	<u>-</u>	<u>2,351,352</u>
Governmental activities capital assets, net	<u>\$ 2,132,720</u>	<u>\$ 274,215</u>	<u>\$ -</u>	<u>\$ 2,406,935</u>

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets being depreciated - sewer system	\$ 5,100,736	\$ 717,906	\$ 497,144	\$ 5,321,498
Less accumulated depreciation	<u>1,524,640</u>	<u>91,997</u>	<u>-</u>	<u>1,616,637</u>
Total capital assets being depreciated, net	<u>\$ 3,576,096</u>	<u>\$ 625,909</u>	<u>\$ 497,144</u>	<u>\$ 3,704,861</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 50,907
Public safety	72,810
Public works	8,499
Culture and recreation	<u>2,979</u>
Total governmental activities	<u>\$ 135,195</u>

NOTE 6 - NONCURRENT LIABILITIES:

Noncurrent liabilities at March 31, 2006 consist of the following issues:

Business-type activities:

2000 North Kent County Sewer Authority debt service contract; payable in annual installments ranging between \$16,475 to \$54,909; plus interest payable semi-annually at rates between 5.00% and 5.50%; final payment due May 2025.	\$ 414,466
2001 North Kent County Sewer Authority debt service contract; payable in annual installments ranging between \$14,384 to \$39,680; plus interest payable semi-annually at rates between 2.80% and 4.875%; final payment due November 2026.	534,014
2002 North Kent County Sewer Authority debt service contract; payable in annual installments ranging between \$8,701 to \$23,611; plus interest payable semi-annually at rates between 2.7% and 5.05%; final payment due November 2027.	252,928
2005 North Kent County Sewer Authority debt service contract; payable in annual installments ranging between \$17,784 to \$40,014; plus interest payable semi-annually at rates between 3.5% and 4.5%; final payment due November 2030.	<u>592,800</u>
Total business-type activities	<u>\$ 1,794,208</u>

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - NONCURRENT LIABILITIES (Continued):

Noncurrent liability activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
<i>Business-type activities:</i>					
2000 debt service contract	\$ 831,830	\$ -	\$ 417,364	\$ 414,466	\$ 12,350
2001 debt service contract	566,008	-	31,994	534,014	15,808
2002 debt service contract	347,949	-	95,021	252,928	6,916
2005 debt service contract	-	592,800	-	592,800	-
Totals	\$ 1,745,787	\$ 592,800	\$ 544,379	\$ 1,794,208	\$ 35,074

At March 31, 2006, debt service requirements were as follows:

<u>Year ended March 31,</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 35,074	\$ 113,721
2008	35,568	116,209
2009	37,544	116,660
2010	56,810	134,295
2011	59,774	134,915
2012 - 2016	335,920	671,328
2017 - 2021	428,298	680,004
2022 - 2026	546,364	685,065
2027 - 2031	258,856	289,204
Totals	\$ 1,794,208	\$ 2,941,401

All debt is secured by the full faith and credit of the Township.

NOTE 7 - PAYABLES:

At March 31, 2006, the Township's payables were as follows:

	<u>Accounts</u>	<u>Interest</u>	<u>Totals</u>
<i>Governmental funds:</i>			
General Fund	\$ 48,058	\$ -	\$ 48,058
Fire Fund	3,082	-	3,082
Recreation Fund	1,202	-	1,202
Nonmajor funds	2,542	-	2,542
Total governmental funds	\$ 54,884	\$ -	\$ 54,884
Proprietary fund - Sewer Fund	\$ 61,192	\$ 35,000	\$ 96,192

Township of Cannon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan statutes assign the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date of employment. The Township contributes 12% of each qualified employee's base salary to the plan and the contributions are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and its employees made required contributions of \$59,715 and \$6052, respectively.

NOTE 9 - JOINT VENTURE:

North Kent Sewer Authority:

The Township is a participant in the North Kent Sewer Authority (the Authority). The administrative board of the Authority consists of members appointed by each participating unit. The Authority was formed for the purpose of acquiring and operating a sanitary sewer system.

The Township utilizes the Authority to transport its sewage to the City of Grand Rapids Sanitary Sewer System for treatment and disposal. The Township has no equity interest in the Authority; therefore, financial information of the Authority has not been included in the Township's financial statements. Costs of operations and capital asset acquisitions of the Authority are supported by contributions from the participating municipalities based on their share of sewage flow through the system. The Township has pledged its limited tax full faith and credit for its share of bonds issued by the Authority. During the year ended March 31, 2006, the Township paid the Authority \$132,775.

Complete financial statements for the Authority can be obtained from the Authority's administrative office at P.O. Box 561, Rockford, Michigan 49341-0561.

NOTE 10 - CLAIMS ARISING FROM RISKS OF LOSS:

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance. Claims resulting from these risks have not exceeded insurance coverage in any of the past five fiscal years.

NOTE 11 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2006, follows:

Revenues	\$ 136,380
Expenses	<u>(154,044)</u>
Deficiency of revenues over expenses	<u>\$ (17,664)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Cannon**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 478,850	\$ 479,100	\$ 519,616	\$ 40,516
Licenses and permits	160,000	166,300	145,095	(21,205)
State grants	821,736	821,736	836,828	15,092
Charges for services	46,450	37,000	41,246	4,246
Interest and rentals	22,500	22,500	40,277	17,777
Other	100	3,000	9,494	6,494
	<u>1,529,636</u>	<u>1,529,636</u>	<u>1,592,556</u>	<u>62,920</u>
Total revenues				
EXPENDITURES				
Legislative	<u>21,300</u>	<u>21,300</u>	<u>18,508</u>	<u>2,792</u>
General government:				
Supervisor	27,900	27,900	26,586	1,314
Elections	5,350	5,350	4,961	389
Assessor	75,100	75,100	75,750	(650)
Clerk	92,900	92,900	90,855	2,045
Treasurer	105,850	105,850	95,662	10,188
Board of Review	1,500	1,500	1,358	142
Information technology	44,500	50,500	43,332	7,168
Administrative support	106,950	65,850	60,962	4,888
Professional services	84,000	78,000	61,847	16,153
Fringe benefits	168,200	168,200	156,856	11,344
Hall and grounds	57,100	57,100	58,055	(955)
Cemetery	18,100	18,100	14,833	3,267
Contribution to other local units	35,000	35,000	19,511	15,489
Other	<u>52,500</u>	<u>52,500</u>	<u>13,777</u>	<u>38,723</u>
Total general government	<u>874,950</u>	<u>833,850</u>	<u>724,345</u>	<u>109,505</u>
Public safety:				
Law enforcement	240,000	240,000	231,111	8,889
Building inspection	<u>161,900</u>	<u>161,900</u>	<u>141,676</u>	<u>20,224</u>
Total public safety	<u>401,900</u>	<u>401,900</u>	<u>372,787</u>	<u>29,113</u>

Township of Cannon**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public works:				
Road construction and maintenance	\$ 288,200	\$ 288,200	\$ 251,202	\$ 36,998
Public transportation	1,400	1,400	1,932	(532)
Watershed	<u>35,950</u>	<u>35,950</u>	<u>24,276</u>	<u>11,674</u>
Total public works	<u>325,550</u>	<u>325,550</u>	<u>277,410</u>	<u>48,140</u>
Community and economic development - planning and zoning	<u>72,500</u>	<u>113,600</u>	<u>85,944</u>	<u>27,656</u>
Culture and recreation:				
Parks and recreation	2,000	2,000	1,600	400
Historical society	<u>7,150</u>	<u>7,150</u>	<u>6,154</u>	<u>996</u>
Total culture and recreation	<u>9,150</u>	<u>9,150</u>	<u>7,754</u>	<u>1,396</u>
Capital outlay	<u>265,000</u>	<u>260,000</u>	<u>92,874</u>	<u>167,126</u>
Total expenditures	<u>1,970,350</u>	<u>1,965,350</u>	<u>1,579,622</u>	<u>385,728</u>
NET CHANGES IN FUND BALANCES	(440,714)	(435,714)	12,934	448,648
FUND BALANCES - BEGINNING	<u>1,352,324</u>	<u>1,352,324</u>	<u>1,352,324</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 911,610</u>	<u>\$ 916,610</u>	<u>\$1,365,258</u>	<u>\$ 448,648</u>

Township of Cannon
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 450,300	\$ 450,300	\$ 458,267	\$ 7,967
Interest	17,000	17,000	39,635	22,635
Other	-	-	3	3
Total revenues	<u>467,300</u>	<u>467,300</u>	<u>497,905</u>	<u>30,605</u>
EXPENDITURES				
Public safety	357,350	357,350	327,651	29,699
Capital outlay	<u>96,000</u>	<u>96,000</u>	<u>87,875</u>	<u>8,125</u>
Total expenditures	<u>453,350</u>	<u>453,350</u>	<u>415,526</u>	<u>37,824</u>
NET CHANGES IN FUND BALANCES	13,950	13,950	82,379	68,429
FUND BALANCES - BEGINNING	<u>1,203,234</u>	<u>1,203,234</u>	<u>1,203,234</u>	-
FUND BALANCES - ENDING	<u>\$1,217,184</u>	<u>\$1,217,184</u>	<u>\$1,285,613</u>	<u>\$ 68,429</u>

Township of Cannon
BUDGETARY COMPARISON SCHEDULE - Recreation Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 185,100	\$ 185,100	\$ 185,454	\$ 354
Interest	4,000	4,000	12,054	8,054
Total revenues	189,100	189,100	197,508	8,408
EXPENDITURES				
Culture and recreation	335,000	85,000	17,437	67,563
NET CHANGES IN FUND BALANCES	(145,900)	104,100	180,071	75,971
FUND BALANCES - BEGINNING	391,683	391,683	391,683	-
FUND BALANCES - ENDING	<u>\$ 245,783</u>	<u>\$ 495,783</u>	<u>\$ 571,754</u>	<u>\$ 75,971</u>

SUPPLEMENTARY INFORMATION

Township of Cannon
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2006

	<u>Special revenue funds</u>			<u>Totals</u>
	<u>Cemetery</u>	<u>Street Lighting</u>	<u>Weed control</u>	
ASSETS				
Cash	\$ 4,070	\$ -	\$ -	\$ 4,070
Investments	-	26,057	16,346	42,403
Receivables	-	643	1,325	1,968
	<u>-</u>	<u>643</u>	<u>1,325</u>	<u>1,968</u>
Total assets	<u>\$ 4,070</u>	<u>\$ 26,700</u>	<u>\$ 17,671</u>	<u>\$ 48,441</u>
LIABILITIES AND FUND BALANCES				
Liabilities - payables	\$ -	\$ 2,542	\$ -	\$ 2,542
Fund balances - unreserved, undesignated	<u>4,070</u>	<u>24,158</u>	<u>17,671</u>	<u>45,899</u>
Total liabilities and fund balances	<u>\$ 4,070</u>	<u>\$ 26,700</u>	<u>\$ 17,671</u>	<u>\$ 48,441</u>

Township of Cannon**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2006

	Special revenue funds			Totals
	<u>Cemetery</u>	<u>Street Lighting</u>	<u>Weed control</u>	
REVENUES				
Interest	\$ 114	\$ 536	\$ 161	\$ 811
Other	-	29,127	18,638	47,765
Total revenues	114	29,663	18,799	48,576
EXPENDITURES				
Public works	-	30,071	9,915	39,986
NET CHANGES IN FUND BALANCES	114	(408)	8,884	8,590
FUND BALANCES - BEGINNING	3,956	24,566	8,787	37,309
FUND BALANCES - ENDING	<u>\$ 4,070</u>	<u>\$ 24,158</u>	<u>\$ 17,671</u>	<u>\$ 45,899</u>